

**MAHARASHTRA BORDER CHECK POST  
NETWORK LIMITED**

**Ind AS financial statement  
for the year ended March 31, 2017**

## INDEPENDENT AUDITOR'S REPORT

To the Members of Maharashtra Border Checkpost Network Limited

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Maharashtra Border Checkpost Network Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein referred to as "Ind AS financial statements").

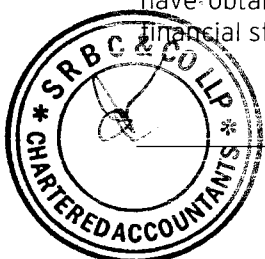
### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



## Opinion

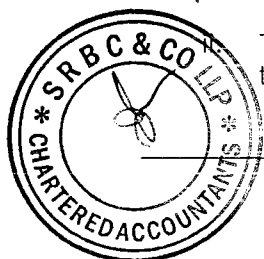
In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 45 of the Ind AS financial statement in respect of accounting of Intangible Asset / Intangible Assets under Development of INR 1,883.09 million up (31 March 2016: INR 1,740.57 million and April 1, 2015: INR 1,637.44 million) under the Service Concession Arrangement of the company, based upon recommendation made by the project lenders' engineer and technical experts appointed by project authorities. Pending final approval by the Government of Maharashtra, no further cost adjustments are considered necessary in these Ind AS financial statement. Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
  2. As required by section 143 (3) of the Act, we report that:
    - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
    - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;
    - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
    - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and
    - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      - i. The Company does not have any pending litigation which would impact its financial position;
- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

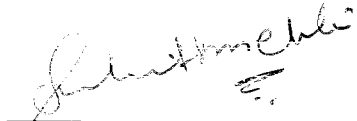


# **SRBC & CO LLP**

Chartered Accountants

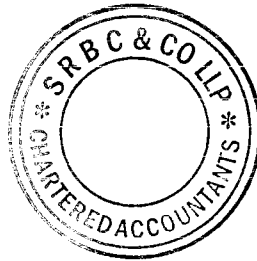
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company at the yearend.
  
- iv. The Company has provided requisite disclosures in Note 43 to these Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For SRBC & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003



per **Sukrut Mehta**  
Partner  
Membership Number: 101974

Place of Signature: Ahmedabad  
Date: May 16, 2017

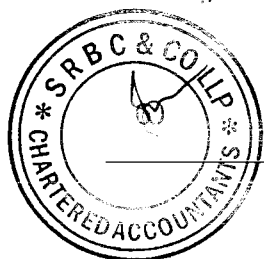


# **S R B C & CO LLP**

Chartered Accountants

**Annexure 1 referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date of Maharashtra Border Check Post Network Limited for the year ended March 31, 2017**

- (i) a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification;
- (c) According to the information and explanations given by the management, the title deeds of immovable properties held as in property, plant and equipment are in the name of the company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnership or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of sections 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of section 73 to 76 of the Act and the Companies (Acceptance of deposits) rules, 2014 (as amended). Accordingly, the provision of clause 3(v) of the order are not applicable and hence not commented upon.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act related to Roads and other infrastructure projects, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii)a) Undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, value added tax, cess, employees' state insurance and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to custom duty and excise duty are not applicable to the Company.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, sales-tax, value added tax, employees' state insurance, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings from banks. The Company did not have any due payable to the financial institutions, debenture holders and government during the year.

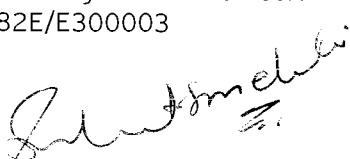


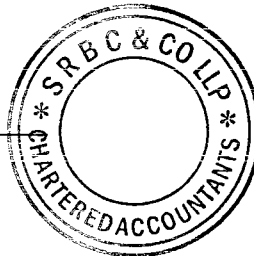
# SRBC & CO LLP

Chartered Accountants

- (ix) According to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans and debts instruments for the purpose for which they were raised. The Company has not raised any money by way of initial public offer / further public offer and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting requirements under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the company is not required to be registered under section 451A of Reserve Bank of India Act, 1934.

For SRBC & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number:  
324982E/E300003

  
per Sukrut Mehta  
Partner  
Membership Number: 101974



Place of Signature: Ahmedabad  
Date: May 16, 2017

## **Annexure 2 to The Independent Auditor's Report of even date on the Ind AS Financial Statements of Maharashtra Border Checkpost Network Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Maharashtra Border Checkpost Network Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

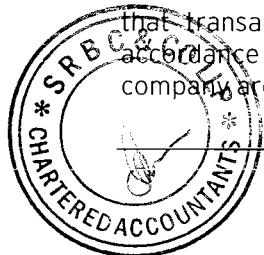
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the



# **S R B C & CO LLP**

Chartered Accountants

company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

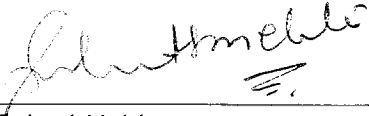
## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

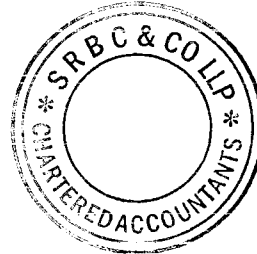
## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003



per Sukrut Mehta  
Partner  
Membership Number: 101974



Place of Signature: Ahmedabad  
Date: May 16, 2017



**Maharashtra Border Check Post Network Limited**  
**Balance Sheet as at March 31, 2017**

| Particulars                          | Note No. | As at            | As at            | As at            |
|--------------------------------------|----------|------------------|------------------|------------------|
|                                      |          | March 31, 2017   | March 31, 2016   | April 01, 2015   |
|                                      |          | INR In Million   | INR In Million   | INR In Million   |
| <b>ASSETS</b>                        |          |                  |                  |                  |
| <b>1 Non-current Assets</b>          |          |                  |                  |                  |
| (a) Property, plant and equipments   | 5        | 60.40            | 60.90            | 66.89            |
| (b) Intangible assets                | 6        | 12,436.61        | 11,891.37        | 10,656.02        |
| (c) Intangible under development     | 6        | 1,830.85         | 1,745.17         | 2,317.88         |
| (d) Financial assets                 |          |                  |                  |                  |
| (i) Other financial assets           | 9        | -                | -                | 579.49           |
| (e) Other assets                     | 11       | 85.16            | 83.15            | 75.12            |
| <b>Total Non-current assets</b>      |          | <b>14,413.02</b> | <b>13,780.59</b> | <b>13,695.40</b> |
| <b>2 Current Assets</b>              |          |                  |                  |                  |
| (a) Financial assets                 |          |                  |                  |                  |
| (i) Trade receivables                | 7        | 1.09             | -                | 0.03             |
| (ii) Cash and cash equivalents       | 8        | 23.32            | 186.28           | 130.54           |
| (iii) Other financial assets         | 9        | 5.41             | 5.62             | 4.23             |
| (b) Current tax assets               | 10       | -                | 25.00            | -                |
| (c) Other assets                     | 11       | 12.73            | 25.15            | 31.49            |
| <b>Total current assets</b>          |          | <b>42.55</b>     | <b>242.05</b>    | <b>166.29</b>    |
| <b>Total Assets</b>                  |          | <b>14,455.57</b> | <b>14,022.64</b> | <b>13,861.69</b> |
| <b>EQUITY AND LIABILITIES</b>        |          |                  |                  |                  |
| <b>EQUITY</b>                        |          |                  |                  |                  |
| Equity share capital                 | 12       | 0.50             | 0.50             | 0.50             |
| Other equity                         | 13       | 2,699.74         | 2,698.21         | 2,631.23         |
| <b>Total Equity</b>                  |          | <b>2,700.24</b>  | <b>2,698.71</b>  | <b>2,631.73</b>  |
| <b>LIABILITIES</b>                   |          |                  |                  |                  |
| <b>1 Non-current Liabilities</b>     |          |                  |                  |                  |
| (a) Financial liabilities            |          |                  |                  |                  |
| (i) Borrowings                       | 14       | 9,715.30         | 10,064.38        | 9,421.21         |
| (b) Provisions                       | 16       | 5.37             | 1.94             | 1.21             |
| <b>Total Non-current Liabilities</b> |          | <b>9,720.67</b>  | <b>10,066.32</b> | <b>9,422.42</b>  |
| <b>2 Current Liabilities</b>         |          |                  |                  |                  |
| (a) Financial liabilities            |          |                  |                  |                  |
| (i) Borrowings                       | 15       | 613.67           | 124.80           | 851.21           |
| (ii) Trade payables                  | 17       | 122.86           | 73.87            | 44.10            |
| (iii) Other financial liabilities    | 18       | 1,286.58         | 1,048.14         | 896.91           |
| (b) Other current liabilities        | 19       | 9.98             | 9.46             | 15.19            |
| (c) Provisions                       | 16       | 1.57             | 1.34             | 0.13             |
| <b>Total current liabilities</b>     |          | <b>2,034.66</b>  | <b>1,257.61</b>  | <b>1,807.54</b>  |
| <b>Total Equity and Liabilities</b>  |          | <b>14,455.57</b> | <b>14,022.64</b> | <b>13,861.69</b> |

Summary of significant accounting policies

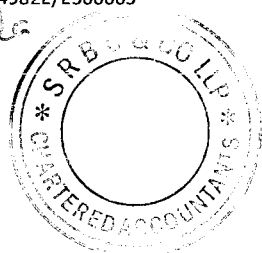
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The accompanying notes are an integral part of these financial statements.  
As per our report of even date

For S R B C & CO LLP  
Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

per Sukrut Mehta  
Partner  
Membership No. 101974



Place: Ahmedabad  
Date : May 16, 2017

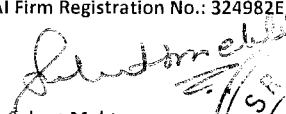
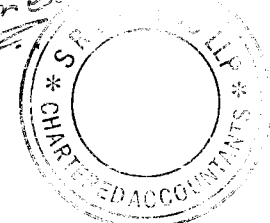

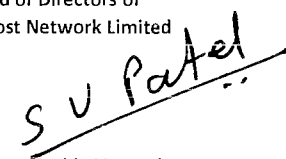
For and on behalf of the Board of Directors of  
Maharashtra Border Check Post Network Limited

Nitin R. Patel  
Director  
DIN : 00466330

S V Patel  
Director  
DIN : 00048328

Place: Ahmedabad  
Date : May 16, 2017

**Maharashtra Border Check Post Network Limited**  
**Statement of Profit and Loss for the year ended March 31, 2017**

| Particulars  | Note No. | March 31, 2017  | March 31, 2016  |
|--|----------|---|-----------------|
|  |          | INR In Million  | INR In Million  |
| <b>INCOME</b>  |          |   |                 |
| I Revenue From Operations  | 20       | 2,432.30  | 2,432.62        |
| II Other Income  | 21       | 6.66  | 2.70            |
| <b>III Total Income (I + II)</b>   |          | <b>2,438.96</b>   | <b>2,435.32</b> |
| <b>EXPENSES</b>  |          |   |                 |
| Construction expense   | 22       | 560.40  | 608.83          |
| Operating expense  | 23       | 258.13  | 233.44          |
| Employee benefits expenses   | 24       | 112.79  | 90.99           |
| Finance cost   | 25       | 1,243.60  | 1,267.64        |
| Depreciation and amortization  | 26       | 201.00  | 170.97          |
| Other expenses   | 27       | 189.22  | 266.21          |
| <b>IV Total Expenses</b>   |          | <b>2,565.14</b>   | <b>2,638.08</b> |
| <b>V Loss for the year (III-IV)</b>  |          | <b>(126.18)</b>   | <b>(202.76)</b> |
| <b>Other Comprehensive Income</b>  |          |   |                 |
| <b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>   |          |   |                 |
| Remeasurements (losses)/gain on defined benefit plans ( Refer Note 32)   |          | (2.27)  | 0.46            |
| Income tax effect  |          | -   | -               |
| <b>VI Total other Comprehensive Income for the year</b>  |          | <b>(2.27)</b>   | <b>0.46</b>     |
| <b>VI Total Comprehensive Income for the year, net of tax (V-VI)</b>   |          | <b>(128.45)</b>   | <b>(202.30)</b> |
| <b>Earning/(Loss) Per Share [Nominal Value of share Rs. 10/-]</b>  |          |   |                 |
| Basic & Diluted  | 31       | (2,523.55)  | (4,055.20)      |
| Summary of significant accounting policies   | 3        |   |                 |
| The accompanying notes are an integral part of these financial statements.<br>As per our report of even date   |          |   |                 |
| For S R B C & CO LLP<br>Chartered Accountants<br>ICAI Firm Registration No.: 324982E/E300003<br><br>per Sukrut Mehta<br>Partner<br>Membership No. 101974<br> |          | For and on behalf of the Board of Directors of<br>Maharashtra Border Check Post Network Limited<br><br>Nitin B. Patel<br>Director<br>DIN : 00466330 |                 |
| Place: Ahmedabad<br>Date : May 16, 2017  |          | <br>Sashin V. Patel<br>Director<br>DIN : 00048328<br>Place: Ahmedabad<br>Date : May 16, 2017   |                 |

**Maharashtra Border Check Post Network Limited**  
**Statement of Changes in Equity for the year ended March 31, 2017**

**A Equity Share Capital**

| Equity shares of INR 10 each issued, subscribed and fully paid | No of Shares | (INR In Million) |
|--|--------------|------------------|
| As at 1 April 2015   | 50,000       | 0.50             |
| As at 31 March 2016  | 50,000       | 0.50             |
| As at 31 March 2017  | 50,000       | 0.50             |

**B Other Equity**

| Particulars                             | Equity Component of Compound Financial Instrument (Note -13) | Reserves and Surplus        |  | Total    |
|---|--|-----------------------------|--|----------|
|   |  | Retained Earning (Note -13) |  |          |
| As at April 01, 2015                    | 3,766.13   | (1,134.90)                  |  | 2,631.23 |
| Loss for the year                       | -  | (202.76)                    |  | (202.76) |
| Other Comprehensive Income for the year |  | 0.46                        |  | 0.46     |
| Addition during the year                | 269.28   | -                           |  | 269.28   |
| As at March 31, 2016                    | 4,035.41   | (1,337.20)                  |  | 2,698.21 |
| As at April 01, 2016                    | 4,035.41   | (1,337.20)                  |  | 2,698.21 |
| Loss for the year                       | -  | (126.18)                    |  | (126.18) |
| Other Comprehensive Income for the year |  | (2.27)                      |  | (2.27)   |
| Addition during the year                | 129.98   | -                           |  | 129.98   |
| As at March 31, 2017                    | 4,165.39   | (1,465.65)                  |  | 2,699.74 |

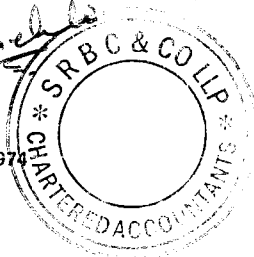
The accompanying notes are an integral part of these financial statements.

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No.: 324982E/E300003

per Sukrut Mehta  
Partner  
Membership No. 101974

Place: Ahmedabad  
Date : May 16, 2017



For and on behalf of the Board of Directors of  
Maharashtra Border Check Post  
Network Limited

Arin R. Patel  
Director  
DIN : 00466330

Place: Ahmedabad  
Date : May 16, 2017

S V Patel  
Sashin V. Patel  
Director  
DIN : 00048328

**Maharashtra Border Check Post Network Limited**  
Cash Flow Statement For the year ended March 31, 2017

| Particulars   | March 31, 2017              | March 31, 2016  |
|---|-----------------------------|-----------------|
|   | INR in Million              | INR in Million  |
| <b>(A) Operating activities</b>   |                             |                 |
| Net (Loss) before Tax   | (126.18)                    | (202.76)        |
| <i>Adjustments to reconcile profit before tax to net cash flows:</i>          |                             |                 |
| Depreciation and amortisation   | 201.00                      | 170.97          |
| Interest and other borrowing cost   | 1,238.17                    | 1,267.17        |
| Gain on sale of units in mutual funds   | (1.70)                      | (2.62)          |
| Unspent liabilities, excess provision write back                              | 4.63                        | -               |
| <b>Operating profit before working capital changes</b>                        | <b>1,315.92</b>             | <b>1,232.76</b> |
| <i>Working Capital Changes:</i>   |                             |                 |
| (Increase)/Decrease in financial asset  | (0.88)                      | (1.36)          |
| Decrease/(Increase) in other assets   | 10.41                       | (1.68)          |
| Increase/(Decrease) in financial liabilities                                  | 50.00                       | 31.94           |
| Increase/(Decrease) in other liabilities                                      | 0.52                        | (5.73)          |
| Increase/(Decrease) in provisions   | 3.67                        | 1.94            |
| <b>Cash Generated from Operations</b>   | <b>1,379.63</b>             | <b>1,257.87</b> |
| Direct taxes paid (net) / refund  | 25.00                       | (25.00)         |
| <b>Net cash flow from operating activities</b>                                | <b>(A) 1,404.63</b>         | <b>1,232.87</b> |
| <b>(B) Cash Flows from investing activities</b>                               |                             |                 |
| Purchase of property plant and equipment                                      | (6.16)                      | (43.70)         |
| Purchase of Intangible assets (including Intangible assets under development) | (1,030.66)                  | (255.22)        |
| Purchase of units in mutual funds   | (769.50)                    | (980.10)        |
| Sale of units in mutual funds   | 771.20                      | 982.72          |
| <b>Net cash (used) in investing activities</b>                                | <b>(B) (1,035.12)</b>       | <b>(296.30)</b> |
| <b>(C) Cash Flows from financing activities</b>                               |                             |                 |
| Proceeds from Long Term Borrowings  | 433.80                      | 942.20          |
| Repayment of Long Term Borrowings   | (265.33)                    | (87.37)         |
| Proceeds from Sponsors Contribution (Sub-ordinate Debt)                       | 129.98                      | 179.28          |
| Repayment of Sponsors Contribution (Sub-ordinate Debt)                        | -                           | (50.00)         |
| Proceeds from Short Term Loan   | 651.92                      | 146.70          |
| Repayment Short Term Loan   | (163.05)                    | (733.11)        |
| Interest and other borrowing cost paid  | (1,319.79)                  | (1,278.53)      |
| <b>Net cash (used) in financing activities</b>                                | <b>(C) (532.47)</b>         | <b>(880.83)</b> |
| <b>Net Increase/ (Decrease) in cash and cash equivalents</b>                  | <b>(A + B + C) (162.96)</b> | 55.74           |
| Cash and cash equivalents at beginning of the year                            | 186.28                      | 130.54          |
| <b>Cash and cash equivalents at end of the year</b>                           | <b>23.32</b>                | <b>186.28</b>   |

**Notes:**

(i) Components of cash and cash equivalents (refer note 8)

|   | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|
|   | INR in Million | INR in Million |
| Cash on hand                            | 12.51          | 6.93           |
| Balances with banks in current accounts | 10.81          | 179.35         |
| <b>Cash and cash equivalents</b>        | <b>23.32</b>   | <b>186.28</b>  |

(ii) The cash flow statement has been prepared under indirect method as per Indian Accounting Standard -7 "Cash Flow Statement".

(iii) Balance with bank includes balance of INR 4.88 million (March 31, 2016: INR 173.93 million) are lying in the Escrow Accounts, as per terms of borrowings with the lenders.

(iv) During the year, the company has converted its short term loan of INR 80.00 Million (March 31, 2016: INR 140.00 Million) into sub ordinate debts. Thus the impact of these transaction have not been given in the cash flow statement.

(v) Figures in brackets represent outflows.

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No.: 324982E/E300003

per Sukrut Mehta  
Partner  
Membership No. 101974  
Place: Ahmedabad  
Date : May 16, 2017

For and on behalf of the Board of Directors of  
Maharashtra Border Check Post Network Limited

Nitin B. Patel  
Director  
DIN : 00466330  
Place: Ahmedabad  
Date : May 16, 2017

S V Patel  
Sashin V. Patel  
Director  
DIN : 00048328

**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

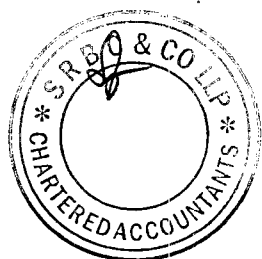
**5 Property, Plant and Equipment**

(INR in Million)

| Particulars                     | Building | Machinery & Equipments | Computers | Furniture & Fixtures | Vehicles | Office Equipments | Total |
|---------------------------------|----------|------------------------|-----------|----------------------|----------|-------------------|-------|
| <b>Cost</b>                     |          |                        |           |                      |          |                   |       |
| As at April 01, 2015            | 53.21    | 1.17                   | 0.55      | 4.25                 | 1.61     | 6.10              | 66.89 |
| Addition                        | -        | 0.11                   | 0.14      | -                    | 0.27     | 1.57              | 2.08  |
| Disposal                        | -        | -                      | -         | -                    | -        | -                 | -     |
| As at March 31, 2016            | 53.21    | 1.28                   | 0.69      | 4.25                 | 1.88     | 7.67              | 68.97 |
| Addition                        | -        | 1.08                   | 0.53      | 0.13                 | 1.28     | 3.14              | 6.16  |
| Disposal                        | -        | -                      | -         | -                    | -        | -                 | -     |
| As at March 31, 2017            | 53.21    | 2.36                   | 1.22      | 4.38                 | 3.16     | 10.81             | 75.13 |
| <b>Accumulated Depreciation</b> |          |                        |           |                      |          |                   |       |
| As at April 01, 2015            | -        | -                      | -         | -                    | -        | -                 | -     |
| Charge for the Year             | 2.59     | 0.41                   | 0.37      | 1.07                 | 0.57     | 3.06              | 8.07  |
| Disposal                        | -        | -                      | -         | -                    | -        | -                 | -     |
| As at March 31, 2016            | 2.59     | 0.41                   | 0.37      | 1.07                 | 0.57     | 3.06              | 8.07  |
| Charge for the Year             | 2.46     | 0.32                   | 0.28      | 0.89                 | 0.54     | 2.17              | 6.66  |
| Disposal                        | -        | -                      | -         | -                    | -        | -                 | -     |
| As at March 31, 2017            | 5.05     | 0.73                   | 0.65      | 1.97                 | 1.11     | 5.23              | 14.73 |
| <b>Net Book Amount</b>          |          |                        |           |                      |          |                   |       |
| As at April 01, 2015            | 53.21    | 1.17                   | 0.55      | 4.25                 | 1.61     | 6.10              | 66.89 |
| As at March 31, 2016            | 50.62    | 0.87                   | 0.31      | 3.18                 | 1.31     | 4.60              | 60.90 |
| As at March 31, 2017            | 48.16    | 1.63                   | 0.57      | 2.41                 | 2.05     | 5.58              | 60.40 |

**Notes:**

- The Company has elected to continue with the carrying value for all of its Property, Plant Equipments as recognised in its previous GAAP financials, as deemed cost at the transition date i.e. April 1, 2015 as per option permitted under Ind AS 101 for the first time adopter.
- Property Plant and Equipments has been pledged against Secured borrowings in order to fulfil the collateral requirement for the Lenders. (Refer Note 14)



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

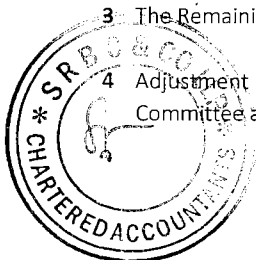
**6 Intangible Assets and Intangible Assets under Development:**

(INR in Million)

| Particulars                                | User Fees<br>Collection Right | Total<br>Intangible<br>Assets | Intangible<br>Assets under<br>Development |
|--|-------------------------------|-------------------------------|---|
| <b>Cost</b>                                |                               |                               |   |
| <b>As at April 01 , 2015</b>               | <b>10,780.93</b>              | <b>10,780.93</b>              | <b>2,317.88</b>                           |
| Addition                                   | 1,436.77                      | 1,436.77                      | 864.05                                    |
| Deletion / Adjustment (Refer note 4 below) | (38.52)                       | (38.52)                       | (1,436.77)                                |
| <b>As at March 31, 2016</b>                | <b>12,179.18</b>              | <b>12,179.18</b>              | <b>1,745.16</b>                           |
| Addition                                   | 739.58                        | 739.58                        | 825.27                                    |
| Deletion / Adjustment                      | -                             | -                             | (739.58)                                  |
| <b>As at March 31, 2017</b>                | <b>12,918.76</b>              | <b>12,918.76</b>              | <b>1,830.85</b>                           |
| <b>Accumulated Depreciation</b>            |                               |                               |   |
| <b>As at April 01 , 2015</b>               | <b>124.91</b>                 | <b>124.91</b>                 | -   |
| Charge for the Year                        | 162.91                        | 162.91                        | -   |
| Deletion / Adjustment                      | -                             | -                             | -   |
| <b>As at March 31, 2016</b>                | <b>287.81</b>                 | <b>287.81</b>                 | -   |
| Charge for the Year                        | 194.34                        | 194.34                        | -   |
| Deletion / Adjustment                      | -                             | -                             | -   |
| <b>As at March 31, 2017</b>                | <b>482.15</b>                 | <b>482.15</b>                 | -   |
| <b>Net Book Amount</b>                     |                               |                               |   |
| As at April 01 , 2015                      | 10,656.02                     | 10,656.02                     | 2,317.88                                  |
| As at March 31, 2016                       | 11,891.37                     | 11,891.37                     | 1,745.17                                  |
| <b>As at March 31, 2017</b>                | <b>12,436.61</b>              | <b>12,436.61</b>              | <b>1,830.85</b>                           |

**Note:**

- 1 User Fees Collection rights of Border Check Post is capitalised when the Border Check Post is complete in all respects and when the Company receives the completion certificate from the authority as specified in the Concession Agreement and not on completion of component basis as the intended purpose of the Border Check Post. Refer note 40 for detail additional disclosure under Service Concession Arrangement.
- 2 Use Fee Collection right has been pledged against Non-current borrowings in order to fulfil the collateral requirement of the Lenders. (Note -14)
- 3 The Remaining Amortisation period for the Service Fees Collection rights at the end of the reporting period is 16.51 years (March 31, 2016: 17.51 years and April 1, 2015: 18.51 years).
- 4 Adjustment in gross block of intangible asset INR Nil (previous year INR 38.52 million) is on account of revision in the price escalation formula as per recommendation made by Technical Expert Committee appointed by steering committee of project.



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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**1. Company information:**

Maharashtra Border Check Post Network Limited ("the Company") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. It is whole owned subsidiary of Sadbhav Infrastructure Project Limited which is listed on two recognized stock exchanges in India. The registered office of the company is located at "Sadbhav House", Opp. Law Garden Police Chowki, Ellisbridge, Ahmedabad-380006.

The Company was incorporated as a Special Purpose Vehicle (SPV) in March, 2009, to implement a project envisaging construction, operation and maintenance and handing over of Modernisation & Computerisation of Intergrated Border Check post's at 22 locations (hereinafter referred to as "the Project") with private sector participation on Build, Operate and Transfer (BOT) basis and has carried out feasibility study for the Project. As at 31st March, 2017, the company has achieved provisional certificate of completion for 18 check posts out of total 22 check posts as per Concession agreement. The collection of user fees has started in 16 BCP as per directive of MSRDC. Further, during the year, the company has received general resolution from government of Maharashtra for construction of additional 2 Check post on BOT basis.

The financial statements were authorized for issue in accordance with a resolution of the directors on May 16, 2017.

**2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all period up to and including the year ended March 31, 2016, the Company prepared its financial statement in accordance with the Accounting standards specified in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP") and other relevant provision of the Act. These financial statements for the year ended March 31, 2017 are the first financial statements that the company has prepared in accordance with Ind AS. Refer to note no. 41 for information of how the transition from previous GAAP to Ind AS has affected the company's Balance sheet, Statement of profit & loss and Statement of cash flow.

The financial statements have been prepared on a historical cost basis, except for the followings:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

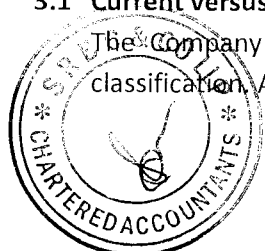
The financial statements are presented in INR and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

**3. Summary of significant accounting policies**

The following are the significant accounting policies applied by the company in preparing its financial statements:

**3.1 Current versus non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is current when it is:



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### **Operating cycle**

The Operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company's has identified twelve months as its normal operating cycle.

## **3.2 Service Concession Arrangement**

### **User Fee collection rights**

The Company builds infrastructure assets under public-to-private Concession Arrangements which it operates and maintains for periods specified in the Concession Arrangements.

Under the Concession Agreements, where the Company has received the right to charge users of the public service, such rights are recognised and classified as "Intangible Assets" in accordance with Appendix A to Ind AS 11. Such right is not an unconditional right to receive consideration because the amounts are contingent to the extent that the public uses the service and thus are recognised and classified as intangible assets. Such an intangible asset is recognised by the Company at cost (which is the fair value of the consideration received or receivable for the construction services delivered) and is capitalized when the project is complete in all respects and when the company receives the completion certificate from the authority as specified in the Concession Agreement. The economics of the project is for the entire length of the road / infrastructure as per the bidding submitted.

### **Amortization of User Fee collection rights**

The intangible assets which are recognised in the form of User Fee right to charge users of the infrastructure asset are amortized by taking proportionate of actual revenue received for the year over Total Projected Revenue from project to Cost of Intangible assets i.e. proportionate of actual revenue earned for the year over Total Projected Revenue from the Intangible assets expected to be earned over the balance concession period as estimated by the management.

As required, total Projected Revenue reviewed by the management at the end of the each financial year and accordingly, the total projected revenue is adjusted to reflect any changes in the estimates which lead to the actual collection at the end of the concession period.



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**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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**Construction revenue:**

Contract revenue and costs associated with project related activities are accrued and recognized by reference to the stage of completion of the projects at the reporting date. The stage of completion of a project is determined by the proportion that the contract cost incurred for work performed up to the reporting date bears to the estimated total contract costs.

Any excess revenue recognized in accordance with the stage of completion of the project, in comparison to the amounts billed to the clients in accordance with the milestones completed as per the respective project, is accrued as "Unearned Revenue".

Any short revenue recognized in accordance with the stage of completion of the project, in comparison to the amounts billed to the clients in accordance with the milestones completed as per the respective project, is carried forward as "Unbilled Revenue".

An expected loss on construction contract is recognized as an expense immediately when it is certain that total contract costs will exceed the total contract revenue.

Price escalation and other claims and/or variation in the contract work are included in contract revenue only when it probable that customer will accept the claim and the amount that is probable will be accepted by the customer can be measured reliably.

**3.3 Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost comprise the purchase price, borrowing costs if the recognition criteria are met and directly attributable cost of bringing the assets to its working condition for its intended use. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives.

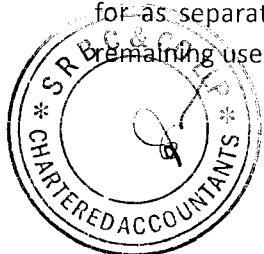
All other expenses on existing property plant and equipment, including day-to-day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

**Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

**Depreciation**

Depreciation on Property, Plant and Equipment is provided on the written down value method basis over useful lives of the assets as prescribed under Part C of Schedule II to the Companies Act, 2013. When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less.



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**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

The residual value, useful live and method of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### **3.4 Intangible assets:**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

#### **Amortisation**

Software is amortized over management estimate of its useful life of 3-6 years.

The residual value, useful live and method of depreciation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

### **3.5 Impairment – Non-financial assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset which is based on the discounting of estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net



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**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognized in the statement of profit and loss.

The Company bases its impairment calculation on detailed budgets and forecasts calculation. These budgets and forecasts calculations generally covering a period of the concession agreements using long terms growth rates applied to future cash flows.

Intangible assets with indefinite useful lives are tested for impairment annually as and when circumstances indicate that the carrying value may be impaired

### **3.6 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

#### **User fee collection revenue**

The revenue is recognized in the period of collection which generally coincide as and when the traffic passes through toll – plazas.

#### **Gain or loss on sale of Mutual Fund**

Gain or loss on sale of mutual fund is recorded on transfer of title from the Company, and is determined as the difference between the sale price and carrying value of mutual fund and other incidental expenses.

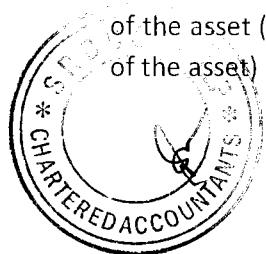
#### **Dividend**

Income from dividend on investment is accrued in the year in which it is declared, whereby right to receive is established.

### **3.7 Investment Property**

Investment Property is measured initially at cost including related transaction costs. Such cost comprises the purchase price, borrowing cost if capitalization criteria are met. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. All day-to-day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

An investment property is derecognised on disposal or on permanently withdrawal from use or when no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.



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**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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### 3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. Investment income earned on temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are expensed in the year they occur. Borrowing cost consist of interest and other costs that company incurs in connection with the borrowing of funds as defined in Indian Accounting Standard 23 – Borrowing Cost.

### 3.9 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Company as lessee

A lease is classified at the inception date as a finance lease and operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease. An operating lease is a lease other than a finance lease.

Operating lease payments are recognized as an expense in the statement of Profit and loss on a straight-line basis over the lease term except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

### 3.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### a) Financial assets

##### i. Initial recognition and measurement of financial assets

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets that are not at fair value through profit or loss are added to the fair value on initial recognition.

##### ii. Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss (FVTPL)

- **Financial assets at amortized cost :**

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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- **Financial assets at fair value through profit or loss:**

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortized cost or as FVTOCI (fair value through other comprehensive income) is classified as at FVTPL.

**iii. De-recognition of financial assets**

A financial asset is de-recognized when the contractual rights to the cash flows from the financial asset expire or the Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**iv. Impairment of financial assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

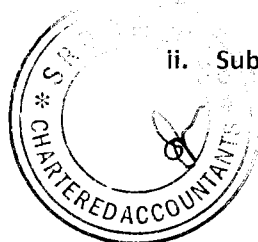
**b) Financial Liabilities**

**i. Initial recognition and measurement of financial liabilities**

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

All financial liabilities are recognised initially at fair value and, in the case of loan and borrowings and payable, net of directly attributable transaction costs.

**ii. Subsequent measurement of financial liabilities**



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**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss (FVTPL).

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses on changes in fair value of such liability are recognized in the statement of profit or loss.

- **Loans and Borrowings**

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

- **Equity component of Compound financial instruments**

The Company has borrowed subordinated in nature of Sponsors contribution in the project as per requirement of loan agreement, which the company has classified in the other equity as the same is redeemable at the Company's option and without coupon as per terms of contract.

**iii. Derecognition of financial liabilities**

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company currently has enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**3.11 Fair Value Measurement**

The company measures financial instruments such as Investment in Mutual Fund at fair value at each balance sheet date.



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**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

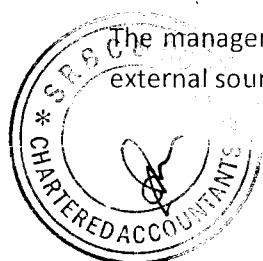
- Level 1 – Quoted (unadjusted) market price in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The company's management determines the policies and procedures for both recurring fair value measurement.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

### **3.12 Employee Benefits**

#### **a) Short Term Employee Benefits**

All employee benefits payable are expected to be settled wholly within 12 months after the end of the reporting period are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensation etc. and the same are recognized as an expense in the statement of profit and loss in the period in which the employee renders the related services.

#### **b) Post-Employment Benefits**

##### **(i) Defined contribution plan**

The Company's approved provident fund scheme is defined contribution plans. The Company has no obligation, other than the contribution paid/payable under such schemes. The contribution paid/payable under the schemes is charged to profit & loss account during the period in which the employee renders the related service.

##### **(ii) Defined benefit plan**

The employee's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet.

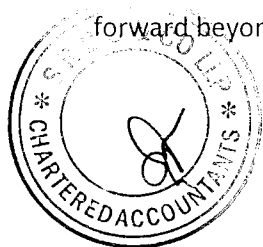
Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

#### **c) Other employment benefits**

The employee's compensated absences, which is expected to be utilized or encashed within the next 12 months, is treated as short term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as result of the unused entitlement that has accumulated at the reporting date. As per company's policy, no leave are expected to be carried forward beyond 12 month from the reporting date.



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**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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**3.13 Income tax**

Income tax expense comprises current tax and deferred tax.

**Current Tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current income tax are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Tax**

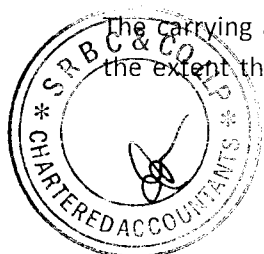
Deferred tax is provided using the balance sheet approach. Deferred tax is recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences excepts when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized excepts when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

As per provision of Income tax Act 1961, the Company is eligible for a tax holiday under section 80IA for a block of 10 consecutive assessment year out of 20 year beginning of check posts. The current year is fifth year of company's operation and it proposes to start claiming tax holiday in the subsequent year only. No deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing difference which is reverses after the tax holiday period is recognised in the year in which the timing difference originate. However, the company restricts recognition of deferred tax assets to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. For recognition of deferred tax, the timing difference which originate first are considered to reverse first.

The carrying amount of deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rules and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, where company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **3.14 Provisions**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss, net of reimbursement, if any.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

### **3.15 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liabilities are reviewed at each balance sheet date.

### **3.16 Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered as integral part of the company's cash management.

### **3.17 Earnings per share**

Basic EPS is calculated by dividing the profit / loss for the year attributable to equity holders by the weighted average number of shares outstanding during the year.



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**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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Diluted EPS is calculated by dividing the profit / loss attributable to equity holders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

**3.18 Segment reporting**

Based on management approach as defined in Indian Accounting standard 108 – Operating Segment, Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker for evaluation of Company's performance.

**4. Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosure, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**Taxes**

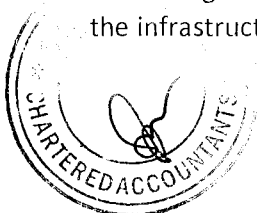
Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Property, plant and equipment**

Refer Note 3.3 for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 5.

**Intangible Assets**

The intangible assets which are recognized in the form of service fee collection right to charge users of the infrastructure asset are amortized by taking proportionate of actual revenue received for the year



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**Maharashtra Border Check Post Network Limited**  
**Notes to Financial statement for the year ended March 31, 2017**

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over Total Projected Revenue from project to Cost of Intangible assets. The estimation of total projection revenue requires significant assumption about expected growth rate and traffic projection for future. All assumptions are reviewed at each reporting date



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**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

| 7 Trade Receivables                          | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|--|------------------------------------|------------------------------------|-----------------------------------|
| Unsecured Considered Good (refer note below) | 1.09                               | -                                  | 0.03                              |
| <b>Total</b>                                 | <b>1.09</b>                        | <b>-</b>                           | <b>0.03</b>                       |

Note: Fair value disclosure of financial assets given in Note - 30

| 8 Cash and Cash Equivalants                                  | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|--|------------------------------------|------------------------------------|-----------------------------------|
| Cash in Hand   | 12.51                              | 6.93                               | 4.91                              |
| Balance with Banks<br>in current accounts (refer note below) | 10.81                              | 179.35                             | 125.63                            |
| <b>Total</b>   | <b>23.32</b>                       | <b>186.28</b>                      | <b>130.54</b>                     |

Note: Balance with bank includes balance of INR 4.88 million (March 31, 2016: INR 173.93 million, April 1, 2015: INR 122.85 million) are lying in the Escrow Accounts which is usable as per terms of borrowings arrangement with the lenders.

| 9 Other Financial Assets (Unsecured Considered Good) | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|--|------------------------------------|------------------------------------|-----------------------------------|
| <b>Non Current</b>                                   |                                    |                                    |                                   |
| Capital Advances (Secured)                           | -                                  | -                                  | 579.49                            |
| <b>Total (A)</b>                                     | <b>-</b>                           | <b>-</b>                           | <b>579.49</b>                     |
| <b>Current</b>                                       |                                    |                                    |                                   |
| Security Deposits                                    | 5.17                               | 5.34                               | 3.76                              |
| Advances to employee                                 | 0.24                               | 0.28                               | 0.47                              |
| <b>Total (B)</b>                                     | <b>5.41</b>                        | <b>5.62</b>                        | <b>4.23</b>                       |
| <b>Total (A+B)</b>                                   | <b>5.41</b>                        | <b>5.62</b>                        | <b>583.72</b>                     |

Note: Fair value disclosures for financial assets are given in Note 30.

| 10 Current Tax Assets (Net) | March 31, 2017<br>(INR in Million) | March 31, 2016<br>(INR in Million) | April 1, 2015<br>(INR in Million) |
|-----------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Tax receivable              | -                                  | 25.00                              | -                                 |
| <b>Total</b>                | <b>-</b>                           | <b>25.00</b>                       | <b>-</b>                          |

| 11 Other Assets (unsecured)               | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|---|------------------------------------|------------------------------------|-----------------------------------|
| <b>Non Current</b>                        |                                    |                                    |                                   |
| Deferred cenvat credit (refer note below) | 85.10                              | 82.95                              | 74.61                             |
| Capital advances                          | -                                  | 0.15                               | 0.46                              |
| Tax credit receivable                     | 0.06                               | 0.05                               | 0.05                              |
| <b>Total (A)</b>                          | <b>85.16</b>                       | <b>83.15</b>                       | <b>75.12</b>                      |
| <b>Current</b>                            |                                    |                                    |                                   |
| Prepaid expenses                          | 2.22                               | 2.76                               | 1.92                              |
| Advances to supplier                      | 2.14                               | 2.90                               | 4.77                              |
| Service tax credit receivable             | 7.22                               | 18.51                              | 24.04                             |
| Advances to employee                      | 1.16                               | 1.48                               | 0.76                              |
| <b>Total (B)</b>                          | <b>12.73</b>                       | <b>25.15</b>                       | <b>31.49</b>                      |
| <b>Total (A+B)</b>                        | <b>97.89</b>                       | <b>108.30</b>                      | <b>106.61</b>                     |

Note: The CENVAT credit of INR 85.10 million (March 31, 2016 INR 82.95 million April 01, 2015 INR 74.61 million) on works contract for construction of building and civil infrastructure have been accounted as deferred CENVAT credit is subject to assessment made by the statutory authority.



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

| 12 Equity share capital                     | March 31, 2017 |                  | March 31, 2016 |                  | April 1, 2015 |                  |
|---|----------------|------------------|----------------|------------------|---------------|------------------|
|   | No. of shares  | (INR In Million) | No. of shares  | (INR In Million) | No. of shares | (INR In Million) |
| <b>Authorized share capital</b>             |                |                  |                |                  |               |                  |
| Equity shares of INR 10 each                | 50,000         | 0.50             | 50,000         | 0.50             | 50,000        | 0.50             |
| <b>Total</b>                                | <b>50,000</b>  | <b>0.50</b>      | <b>50,000</b>  | <b>0.50</b>      | <b>50,000</b> | <b>0.50</b>      |
| <b>Issued, Subscribed and fully paid up</b> |                |                  |                |                  |               |                  |
| Equity Shares of INR 10 each                | 50,000         | 0.50             | 50,000         | 0.50             | 50,000        | 0.50             |
| <b>Total</b>                                | <b>50,000</b>  | <b>0.50</b>      | <b>50,000</b>  | <b>0.50</b>      | <b>50,000</b> | <b>0.50</b>      |

**(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

| Particulars                        | March 31, 2017 |                  | March 31, 2016 |                  | April 1, 2015 |                  |
|------------------------------------|----------------|------------------|----------------|------------------|---------------|------------------|
|                                    | No. of shares  | (INR In Million) | No. of shares  | (INR In Million) | No. of shares | (INR In Million) |
| At the beginning of the year       | 50,000         | 0.05             | 50,000         | 0.05             | 50,000        | 0.05             |
| Add: Issue during the year         | -              | -                | -              | -                | -             | -                |
| Outstanding at the end of the year | <b>50,000</b>  | <b>0.05</b>      | <b>50,000</b>  | <b>0.05</b>      | <b>50,000</b> | <b>0.05</b>      |

**(b) Terms/Rights attached to the equity shares:**

The Company has only one class of equity shares having a par value of INR 10 per share. All equity shares rank equally with regard to dividend and share in the Company's residual assets in proportion of amount paid up. The equity shares are entitled to receive dividend as declared from time to time. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive residual assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders. At present, there are no preference shares.

**(c) Share held by holding Company and ultimate holding company:**

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

|   | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|---|------------------------------------|------------------------------------|-----------------------------------|
| Sadbhav Infrastructure Project Limited - Holding Company<br>38,768 (March 31, 2016: 38,960 and April 1, 2015: 38,960) equity shares | 0.39                               | 0.39                               | 0.39                              |

**(d) Number of Shares held by each shareholder holding more than 5% Shares in the company**

| Particulars   | March 31, 2017 |                   | March 31, 2016 |                   | April 1, 2015 |                   |
|---|----------------|-------------------|----------------|-------------------|---------------|-------------------|
|   | No. of shares  | % of shareholding | No. of shares  | % of shareholding | No. of shares | % of shareholding |
| <b>Equity Shares of INR 10 each fully paid</b>          |                |                   |                |                   |               |                   |
| Sadbhav Infrastructure Project Limited and its nominees | 38,768         | 77.54%            | 38,960         | 77.92%            | 38,960        | 77.92%            |
| Sadbhav Engineering Limited                             | 3,047          | 6.09%             | 6,040          | 12.08%            | 6,040         | 12.08%            |
| DTC Toll Project Private Limited                        | 3,185          | 6.37%             | -              | -                 | -             | -                 |
| <b>Total</b>  | <b>45,000</b>  | <b>90.00%</b>     | <b>45,000</b>  | <b>90.00%</b>     | <b>45,000</b> | <b>90.00%</b>     |

As per the records of the company, including its registers of shareholders/member and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**(e) During the year, the Sadbhav Infrastructure Project Limited('SIPL'), Sadbhav Engineering Limited('SEL'), D Thakkar construction private limited (DTC) and DTC Toll project private limited (DTC) entered into share purchase cum shareholders cum subordinate debt agreement dated January 16, 2017 whereby the SIPL and SEL have agreed to sale 9% its stake in the Company to DTC, out of which as at reporting date, DTC has acquired 6.37% of stake from SEL as per terms of agreement.**

**13 Other Equity**

**13.1 Equity Component of Compound Financial Instrument - Sub Ordinate debts (Refer note below and 33)**

|                                       | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) |
|---------------------------------------|------------------------------------|------------------------------------|
| Balance as the beginning of the year  | 4,035.41                           | 3,766.13                           |
| Add: Addition during the year         | 129.98                             | 269.28                             |
| <b>Balance at the end of the year</b> | <b>Total (A) 4,165.39</b>          | <b>4,035.41</b>                    |

**13.2 Reserves and Surplus**

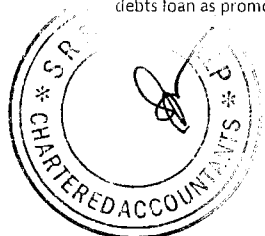
|   | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) |
|---|------------------------------------|------------------------------------|
| (Deficit) in statement of profit and loss | (1,337.29)                         | (1,134.90)                         |
| Balance as the beginning of the year      |                                    |                                    |
| Add: loss for the year                    | (126.18)                           | (202.76)                           |
| Add / (Less): OCI for the year            | (2.17)                             | 0.46                               |
| <b>Balance at the end of the year</b>     | <b>Total (B) (1,465.65)</b>        | <b>(1,337.20)</b>                  |

**Total (A)+(B) 2,699.75 2,698.22**

**Note**

The Project of the Company has been funded through sub ordinate debt of INR 3,936.13 million from the Sponsors in accordance with Sponsor Support and Equity Contribution Agreement / Sponsor Undertaking. Such sub ordinate debts is considered as sponsor's contribution to ensure promoters commitment for the project. Sub-ordinate debt is interest free and shall be repayable at the end of the concession period or earlier at the option of the company in accordance with terms of contract.

Under previous GAAP, Sub-debts loan received from promoters as promoter's contributions disclosed under long term borrowings. Under Ind AS, the Interest free sub-debts loan as promoter's contributions considered as equity component of compound financial instrument and classified as other equity based on terms of contract.



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

| 14 Non Current Borrowings   | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|---|------------------------------------|------------------------------------|-----------------------------------|
| <b>Secured*</b>   |                                    |                                    |                                   |
| <b>Term Loan - From Banks</b>   |                                    |                                    |                                   |
| Indian Rupee  | 10,570.75                          | 10,386.36                          | 9,515.57                          |
| <b>Total (A)</b>  | <b>10,570.75</b>                   | <b>10,386.36</b>                   | <b>9,515.57</b>                   |
| <b>Less: Current maturities of non-current borrowing* (refer note 18)</b> |                                    |                                    |                                   |
| <b>Term Loan - From Banks</b>   |                                    |                                    |                                   |
| Indian Rupee  | 855.45                             | 321.98                             | 94.36                             |
| <b>Total (B)</b>  | <b>855.45</b>                      | <b>321.98</b>                      | <b>94.36</b>                      |
| <b>Total (A)+(B)</b>  | <b>9,715.30</b>                    | <b>10,064.38</b>                   | <b>9,421.21</b>                   |

\* Includes the effect of transaction cost paid to Lenders on upfront basis.

(i) **Nature of security:**

The details of Security in respect of long term borrowings are as under:

(a) **First ranking mortgage and charge over**

- (i) First ranking mortgage and charge over all the immoveable and moveable properties, both present and future other than the project site and the project facility);
- (ii) First ranking mortgage and charge over all tangible and intangible assets including but not limited to undertaking and uncalled capital, both present and future;
- (iii) First ranking mortgage and charge over all fees, revenues and receivables of the company, both present and future;
- (iv) First ranking mortgage and charge over all of the rights, title and interest under all agreements entered into by the company , including each of the project documents, duly acknowledged and consented to, where required, by the relevant counter-parties to such project documents, all the company's rights under each letter of credit/guarantee or performance bond that may be provided by any party to the project document for the company's benefit and all the company's rights under all authorizations, clearances, permissions, approvals and consents including but not limited to the clearances (to the extent assignable under applicable law);
- (v) First ranking mortgage and charge over all the accounts, (including but not limited to the accounts and the permitted investments) and each of the other accounts required to be created by the company under any transaction agreements, including without limitation, the trust and retention account agreement; including in each case, all monies lying credited/deposited into such accounts;
- (vi) First ranking mortgage and charge over all insurance contracts entered into including but not limited to the insurance contracts including all rights and receivables thereunder.

(b) Subject to applicable law, a pledge by the sponsors (i.e. Sadbhav Engineering Limited and Sadbhav Infrastructure Project Limited) of the shares constituting / representing at all times not less than thirty percent (30%) of the total shares of the company. Currently 39,500 shares are pledge out of total 50,000 number of shares i.e. 79%.

(c) The aforesaid security created will rank pari passu by way of first charge in favour of all the rupee lenders inter se without any preference or priority amongst them.

(ii) **Terms of Repayment of Secured Loans:**

The term loans from the banks carry interest rate from 11.25 % to 11.30%. Such loan is repayable in 50 quarterly instalments commencing from last day of 15th quarter from the first disbursement i.e. 20th March 2010.

(iii) **Defaults and breaches**

Long term borrowings contain debt covenants relating to debt-equity ratio and debt service coverage ratio. The Company has satisfied all the debts covenants prescribed in the terms of respective loan agreement as at reporting date.

| 15 Current Borrowings                        | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|--|------------------------------------|------------------------------------|-----------------------------------|
| <b>Loans Repayable on Demand - Unsecured</b> |                                    |                                    |                                   |
| Loan from Holding Company (refer note 33)    | 510.67                             | 21.80                              | 748.21                            |
| Interest free loan from others               | 103.00                             | 103.00                             | 103.00                            |
| <b>Total</b>                                 | <b>613.67</b>                      | <b>124.80</b>                      | <b>851.21</b>                     |

Note :

- 1. Loan is repayable on demand / call notice from the lender and it carry interest of 10.80% to 10.85% per annum
- 2. Interest free loan from others is repayable on demand.

16 Provisions

**Non- Current**

Provision for employee benefits - Gratuity (refer note 32)

| 16 Provisions  | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|--|------------------------------------|------------------------------------|-----------------------------------|
| <b>Non- Current</b>  |                                    |                                    |                                   |
| Provision for employee benefits - Gratuity (refer note 32) | 5.37                               | 1.94                               | 1.21                              |
| <b>Total (A)</b>   | <b>5.37</b>                        | <b>1.94</b>                        | <b>1.21</b>                       |

**Current**

Provision for employee benefits - Gratuity (refer note 32)  
Provision for employee benefits - leave encashment

|  |             |             |             |
|--|-------------|-------------|-------------|
| Provision for employee benefits - Gratuity (refer note 32) | 0.08        | 0.02        | 0.01        |
| Provision for employee benefits - leave encashment         | 1.49        | 1.32        | 0.12        |
| <b>Total (B)</b>   | <b>1.57</b> | <b>1.34</b> | <b>0.13</b> |
| <b>Total (A)+(B)</b>                                       | <b>6.94</b> | <b>3.28</b> | <b>1.34</b> |



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

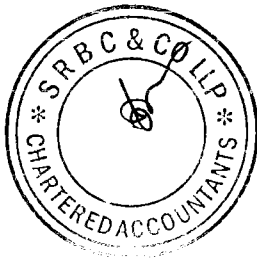
| 17 Trade Payables                | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|----------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Trade Payables * (Refer Note 33) | 122.86                             | 73.87                              | 44.10                             |
| <b>Total</b>                     | <b>122.86</b>                      | <b>73.87</b>                       | <b>44.10</b>                      |

\* As per information available with the Company, there are no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprise Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no related additional disclosure have been made.

| 18 Other Financial Liabilities                              | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|---|------------------------------------|------------------------------------|-----------------------------------|
| <u>Current:</u>   |                                    |                                    |                                   |
| Current maturities of non-current borrowing (refer note 14) | 855.45                             | 321.98                             | 94.36                             |
| Payable for capital expenditure (refer note 33)             | 411.38                             | 616.77                             | 667.57                            |
| Interest accrued but not due on borrowings                  | 4.91                               | 4.85                               | 4.75                              |
| Interest accrued and due on borrowings (refer note 33)      | 2.53                               | 94.71                              | 121.67                            |
| Employee benefits payable                                   | 7.96                               | 6.01                               | 4.35                              |
| Security Deposit  | 4.35                               | 3.81                               | 4.21                              |
| <b>Total</b>  | <b>1,286.58</b>                    | <b>1,048.14</b>                    | <b>896.91</b>                     |

Note: Fair value disclosures for financial assets are given in Note 30.

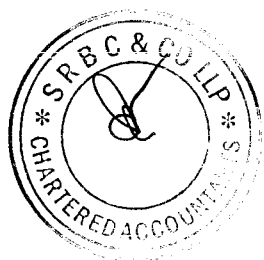
| 19 Other Current Liabilities | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Statutory dues payable       | 9.98                               | 9.46                               | 15.19                             |
| <b>Total</b>                 | <b>9.98</b>                        | <b>9.46</b>                        | <b>15.19</b>                      |





**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

|   | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) |
|---|------------------------------------|------------------------------------|
| <b>20 Revenue From Operations</b>   |                                    |                                    |
| User fee income   | 1,572.39                           | 1,542.20                           |
| Construction revenue (refer note 36)  | 825.27                             | 864.05                             |
| Other operating income  | 34.64                              | 26.37                              |
| <b>Total</b>  | <b>2,432.30</b>                    | <b>2,432.62</b>                    |
| <b>21 Other Income</b>  |                                    |                                    |
| Income Tax Refund   | 0.28                               | -                                  |
| Gain on sale of units in mutual funds   | 1.70                               | 2.62                               |
| Miscellaneous Income  | 0.05                               | 0.07                               |
| Unspent liabilities, excess provision write back  | 4.63                               | -                                  |
| <b>Total</b>  | <b>6.66</b>                        | <b>2.70</b>                        |
| <b>22 Construction Expense</b>  |                                    |                                    |
| Sub contractors charges   | 560.40                             | 608.83                             |
| <b>Total</b>  | <b>560.40</b>                      | <b>608.83</b>                      |
| <b>23 Operating Expenses</b>  |                                    |                                    |
| Check Post operation and maintenance (including payment to sub-contractors) (refer note 33) | 41.77                              | 30.27                              |
| IT and communication Charges  | 10.80                              | 9.80                               |
| Power and fuel  | 69.95                              | 62.67                              |
| Annual maintenance charges  | 35.47                              | 21.78                              |
| Security expenses   | 68.12                              | 64.49                              |
| Others  | 32.03                              | 44.43                              |
| <b>Total</b>  | <b>258.13</b>                      | <b>233.44</b>                      |
| <b>24 Employee Benefits Expenses</b>  |                                    |                                    |
| Salaries, wages and other allowances (refer note 32)  | 92.04                              | 72.95                              |
| Contribution to provident fund and other fund (refer note 32)                               | 7.25                               | 3.91                               |
| Gratuity Expense (refer note 32)  | 1.23                               | 1.20                               |
| Staff welfare expenses  | 12.28                              | 12.93                              |
| <b>Total</b>  | <b>112.79</b>                      | <b>90.99</b>                       |
| <b>25 Finance Cost</b>  |                                    |                                    |
| <b>Interest Expenses on:</b>  |                                    |                                    |
| Rupee term loan   | 1,204.35                           | 1,188.47                           |
| Short term borrowings (refer note 33)   | 17.66                              | 62.50                              |
| Others  | 0.24                               | 0.23                               |
| <b>Other Borrowing Costs</b>  |                                    |                                    |
| Bank and Other Charges  | 5.43                               | 0.46                               |
| Amortisation of Processing Fees   | 15.93                              | 15.97                              |
| <b>Total</b>  | <b>1,243.60</b>                    | <b>1,267.64</b>                    |



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

**26 Depreciation and Amortization**

Depreciation on property, plant and equipment (refer note 5)  
 Amortization on intangible assets (refer note 5)

|              | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) |
|--------------|------------------------------------|------------------------------------|
|              | 6.66                               | 8.07                               |
|              | 194.34                             | 162.91                             |
| <b>Total</b> | <b>201.00</b>                      | <b>170.97</b>                      |

**27 Other Expenses**

Rent (refer note 33 and 35)  
 Rates and taxes (refer note below)  
 Insurance  
 Legal and professional fees  
 Travelling and conveyance  
 Auditor's remuneration\*  
 Repairs and maintenance  
 Management support charges (refer note 33)  
 Miscellaneous expenses

|              | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) |
|--------------|------------------------------------|------------------------------------|
|              | 0.91                               | 0.96                               |
|              | 120.36                             | 192.38                             |
|              | 3.57                               | 3.45                               |
|              | 38.20                              | 11.23                              |
|              | 4.08                               | 4.09                               |
|              | 0.79                               | 0.70                               |
|              | 2.53                               | 2.80                               |
|              | 6.03                               | 24.00                              |
|              | 12.75                              | 26.60                              |
| <b>Total</b> | <b>189.22</b>                      | <b>266.21</b>                      |

**\* Payment to auditors:**

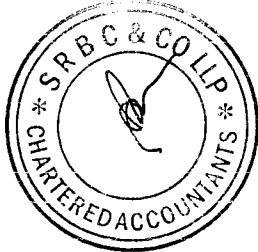
Statutory Audit  
 Reimbursement of expenses

|              | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) |
|--------------|------------------------------------|------------------------------------|
|              | 0.78                               | 0.70                               |
|              | 0.01                               | -                                  |
| <b>Total</b> | <b>0.79</b>                        | <b>0.70</b>                        |

**Note:**

Pursuant to the Maharashtra Government's notification no. BCP-0715/C. R.205/Transport-4, dated October 18, 2016, the company has started collecting service tax on service fees at applicable rates with effect from October 19, 2016. Service tax amounting to INR 101.61 Million has accordingly been reduced from service fee for the period.

As regards service tax for the period prior to 19 October 2016, in accordance with the concession agreement with Maharashtra State Road Development Corporation (MSRDC) since it is eligible for getting reimbursed by MSRDC, an amount of INR 120.04 Million for March 31, 2017 from 1 April 2016 upto 18 October 2016 (March 31, 2016: INR 192.14 million) has been claimed with the relevant authorities. However, the same has been expensed off in books of account.



**Maharashtra Border Check Post Network Limited**  
Notes to Financial Statements for the year ended March 31, 2017

**28 Income tax**

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2017 and March 31, 2016.

**A) Current tax**

Accounting profit before tax

Tax @ 30.90% (March 31, 2016: 30.90%)

**Adjustment**

Tax losses not recognised due to absence of probable certainty of reversal (refer note below)

Other non-deductible expenses

At the effective income tax rate of Nil (March 31, 2016: Nil)

|   | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) |
|---|------------------------------------|------------------------------------|
| Accounting profit before tax  | (126.18)                           | (202.76)                           |
| Tax @ 30.90% (March 31, 2016: 30.90%)   | (38.99)                            | (62.65)                            |
| <b>Adjustment</b>   |                                    |                                    |
| Tax losses not recognised due to absence of probable certainty of reversal (refer note below) | 38.52                              | 61.76                              |
| Other non-deductible expenses   | 0.47                               | 0.89                               |
| At the effective income tax rate of Nil (March 31, 2016: Nil)                                 | -                                  | -                                  |

**B) Deferred tax**

| Particulars  | Balance sheet                       |                |               | Statement of Profit and Loss<br>(refer note below) |                |
|--|-------------------------------------|----------------|---------------|--|----------------|
|  | March 31, 2017                      | March 31, 2016 | April 1, 2015 | March 31, 2017                                     | March 31, 2016 |
|  | Expenditure allowed over the period | (549.61)       | (395.22)      | (285.43)   | (154.39)       |
| Expenditure allowable on payment basis                               | 1.69                                | 0.61           | 0.38          | 1.08   | 0.23           |
| Unused losses available for offsetting against future taxable income | 547.92                              | 394.62         | 285.05        | 153.31   | 109.57         |
| <b>Deferred tax expense/(income)</b>                                 |                                     |                |               | -  | -              |
| <b>Net deferred tax assets/(liabilities)</b>                         | -                                   | -              | -             | -  | -              |

Not As a matter of prudence, the company has recognised deferred tax assets on deductible temporary differences and carry forward of unused tax losses in the books to the extent of deferred tax liability balance as it is not probable that future taxable profit will be available against which those temporary differences, losses and tax credit against which deferred tax assets can be utilized. Accordingly, INR 268.68 million (31 March 2016: INR 265.56 million and April 1, 2015 INR 201.80 million) has not recognised as deferred tax assets in the books as at reporting date.

**29 Disclosure of Financial Instruments by Category**

(INR in Million)

|                                    | March 31, 2017 |        |                | March 31, 2016 |        |                | April 1, 2015 |        |                |
|------------------------------------|----------------|--------|----------------|----------------|--------|----------------|---------------|--------|----------------|
|                                    | FVTPL          | FVTOCI | Amortized cost | FVTPL          | FVTOCI | Amortized cost | FVTPL         | FVTOCI | Amortized cost |
| <b>Financial asset</b>             |                |        |                |                |        |                |               |        |                |
| Cash and Cash Equivalent           | -              | -      | 23.32          | -              | -      | 186.28         | -             | -      | 130.54         |
| Trade Receivable                   | -              | -      | 1.09           | -              | -      | -              | -             | -      | 0.03           |
| Other Financial Assets             | -              | -      | 5.41           | -              | -      | 5.62           | -             | -      | 583.72         |
| <b>Total Financial Asset</b>       | -              | -      | 29.82          | -              | -      | 191.90         | -             | -      | 714.29         |
| <b>Financial liabilities</b>       |                |        |                |                |        |                |               |        |                |
| Non current borrowings             | -              | -      | 9,715.30       | -              | -      | 10,064.38      | -             | -      | 9,421.21       |
| Current borrowings                 | -              | -      | 613.67         | -              | -      | 124.80         | -             | -      | 851.21         |
| Trade Payables                     | -              | -      | 122.86         | -              | -      | 73.87          | -             | -      | 44.10          |
| Other Financial Liabilities        | -              | -      | 1,286.58       | -              | -      | 1,048.14       | -             | -      | 896.91         |
| <b>Total Financial Liabilities</b> | -              | -      | 11,738.41      | -              | -      | 11,311.18      | -             | -      | 11,213.43      |

**30 Fair value disclosures for financial assets and financial liabilities**

The management assessed that the fair values of cash and cash equivalent, trade receivable, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The carrying value of Company's interest-bearing borrowings are reasonable approximations of fair values as the borrowing are carries floating interest rate.



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

**31 Earning Per Share (EPS):**

The following reflects the income and share data used in the basic and diluted EPS computations:

|   | March 31, 2017    | March 31, 2016    |
|---|-------------------|-------------------|
| Net (Loss) attributable to equity holders (INR in million)                  | (126.18)          | (202.76)          |
| Total no. of equity shares at the end of the year (number)                  | 50,000            | 50,000            |
| Weighted average number of equity shares for basic and diluted EPS (number) | 50,000            | 50,000            |
| Nominal value of equity shares (INR)  | 10                | 10                |
| <b>Basic and Diluted earning per share (INR)</b>                            | <b>(2,523.55)</b> | <b>(4,055.20)</b> |

**32 Employee Benefits Disclosure:**

**A Defined Contribution Plans:**

An amount of INR 7.25 million (March 31, 2016: INR 3.91 million) is recognised as expenses and included in Note No. 24 "Employee Benefits Expenses".

|  | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) |
|--|------------------------------------|------------------------------------|
| Contribution to Provident Funds          | 5.85                               | 3.76                               |
| Contribution to Benevolent Fund          | 1.24                               | 0.10                               |
| Contribution to Employee State Insurance | 0.12                               | -                                  |
| Maharashtra Labour Welfare Fund          | 0.05                               | 0.04                               |
| <b>Total</b>                             | <b>7.25</b>                        | <b>3.91</b>                        |

**B Defined benefit plans - Gratuity benefit plan:**

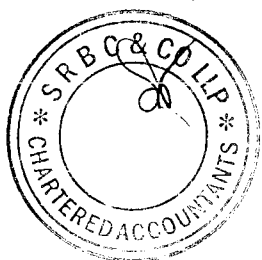
The Company has a Gratuity benefit plan. Every employee who has completed five years or more of service gets a gratuity on the termination of his employment at 15 days salary (last draw salary) for each completed year of service. The scheme is unfunded.

The present value of obligation in respect of gratuity is determined based on actuarial valuation using the Project Unit Credit Method as prescribed by the Indian Accounting Standard - 19. Gratuity has been recognised in the financial statements as per details given below:

|  | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) |
|--|------------------------------------|------------------------------------|
| <b>Defined benefit obligations as at beginning of the year - A</b> | <b>1.96</b>                        | <b>1.22</b>                        |
| <b>Cost charged to statement of profit and loss</b>                |                                    |                                    |
| Current service cost   | 1.08                               | 1.11                               |
| Interest cost  | 0.15                               | 0.09                               |
| <b>Sub-total included in statement of profit and loss - B</b>      | <b>1.23</b>                        | <b>1.20</b>                        |
| <b>Remeasurement gains/(losses) in other comprehensive income</b>  |                                    |                                    |
| Actuarial Loss/(Gain) due to change in financial assumptions       | 0.19                               | 0.03                               |
| Actuarial Loss/(Gain) due to change in demographic assumptions     | -                                  | (0.26)                             |
| Actuarial Loss/(Gain) due to experience                            | 2.08                               | (0.23)                             |
| <b>Sub-total included in OCI - C</b>                               | <b>2.27</b>                        | <b>(0.46)</b>                      |
| <b>Defined benefit obligations as at end of the year (A+B+C)</b>   | <b>5.46</b>                        | <b>1.96</b>                        |

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

|                    | March 31, 2017                                   | March 31, 2016                                   | April 1, 2015                                   |
|--------------------|--|--|---|
| Discount rate      | 7.15%  | 7.60%  | 7.80%   |
| Salary Growth Rate | 6.00%  | 6.00%  | 6.00%   |
| Withdrawal rate    | 15% at younger ages reducing to 3% at older ages | 15% at younger ages reducing to 3% at older ages | 5% at younger ages reducing to 1% at older ages |
| Mortality rate     | Indian Assured Lives Mortality (2006-08)         | Indian Assured Lives Mortality (2006-08)         | Indian Assured Lives Mortality (2006-08)        |



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

A quantitative sensitivity analysis for significant assumption is as shown below:

| Particulars        | Sensitivity level | March 31, 2017   | March 31, 2016   |
|--------------------|-------------------|------------------|------------------|
|                    |                   | (INR In Million) | (INR In Million) |
| Discount rate      | 0.50% increase    | 5.25             | 1.88             |
|                    | 0.50% decrease    | 5.68             | 2.04             |
| Salary Growth Rate | 0.50% increase    | 5.68             | 2.04             |
|                    | 0.50% decrease    | 5.24             | 1.88             |
| Withdrawal rate    | 10% increase      | 5.36             | 2.04             |
|                    | 10% decrease      | 5.55             | 1.88             |

**C Maturity Profile of the Defined Benefit Obligation**

|             | As at March 31, 2017 |        |
|-------------|----------------------|--------|
|             | INR in Million       | %      |
| 2018        | 0.08                 | 0.80%  |
| 2019        | 0.34                 | 3.30%  |
| 2020        | 0.53                 | 5.10%  |
| 2021        | 0.66                 | 6.40%  |
| 2022        | 0.61                 | 6.00%  |
| 2023 - 2027 | 2.74                 | 26.60% |

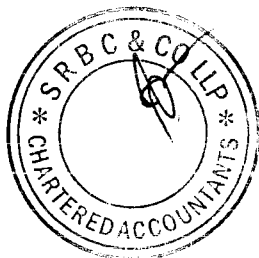
  

|             | As at March 31, 2016 |        |
|-------------|----------------------|--------|
|             | INR in Million       | %      |
| 2017        | 0.02                 | 0.50%  |
| 2018        | 0.05                 | 1.20%  |
| 2019        | 0.24                 | 5.90%  |
| 2020        | 0.22                 | 5.40%  |
| 2021        | 0.26                 | 6.40%  |
| 2022 - 2026 | 1.06                 | 26.50% |

The average duration of the defined benefit plan obligation at the end of the end of the reporting period is 15.91 years (March 31, 2016: 17.01 years).

**D Other employee benefit:**

Salaries, Wages and Bonus include INR 4.57 million (Previous Year INR 4.04 million) towards provision made as per actual basis in respect of accumulated leave encashment/compensated absences.



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

**33 Related Party Disclosures:**

Related party disclosures as required under the Indian Accounting Standard – 24 on “Related Party Disclosures” are given below:

**A Name of Related Parties and Nature of Relationship :**

| Description of Relationship | Name of the Related Party                 |
|-----------------------------|---|
| Ultimate Holding Company    | Sadbhav Engineering Limited (SEL)         |
| Holding Company             | Sadbhav Infrastructure Project Ltd (SIPL) |

**B Transactions with Related Parties during the Year:**

|   | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) |
|---|------------------------------------|------------------------------------|
| Compound financial instrument - Sub- ordinate debt refunded<br>SIPL | -                                  | 50.00                              |
| Compound financial instrument - Sub- ordinate debt received<br>SIPL | 80.00                              | -                                  |
| Unsecured Loan Received<br>SIPL                                     | 651.92                             | 146.70                             |
| Unsecured Loan Refunded (Including Interest)<br>SIPL                | 183.86                             | 813.78                             |
| Interest on Unsecured Loan charged<br>SIPL                          | 17.66                              | 62.50                              |
| Availment of EPC services (Including Service tax)<br>SIPL           | 131.85                             | 141.75                             |
| SEL   | 281.20                             | 398.17                             |
| Availment of Management services<br>SIPL                            | 6.03                               | 24.00                              |
| Expenses reimbursement (Net)<br>SIPL                                | 42.61                              | 25.83                              |
| SEL   | 2.46                               | 0.38                               |
| Rent paid/payable<br>SEL  | 0.90                               | 0.90                               |

**C Balances outstanding as at March 31, 2017 :**

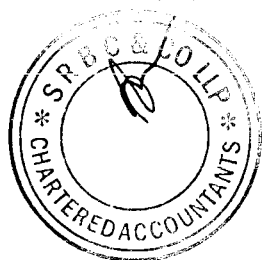
|   | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|---|------------------------------------|------------------------------------|-----------------------------------|
| Compound financial instrument - Sub- ordinate debt<br>SIPL                  | 3,936.13                           | 3,856.13                           | 3,766.13                          |
| Capital advances outstanding<br>SIPL  | -                                  | -                                  | 181.90                            |
| SEL   | -                                  | -                                  | 397.59                            |
| Interest accrued and due<br>SIPL  | 2.53                               | 5.69                               | 23.86                             |
| Payable as Creditors<br>SEL   | 4.01                               | 2.42                               | 2.61                              |
| SIPL  | 83.80                              | 28.89                              | 5.02                              |
| Amounts payable as capital expenditure (including retention payable)<br>SEL | 67.81                              | 447.27                             | 504.95                            |
| SIPL  | 198.49                             | 147.73                             | 146.60                            |
| Unsecured loan<br>SIPL  | 510.67                             | 21.80                              | 748.21                            |

**D Terms and conditions of the balance outstanding:**

1. The transactions with related parties are made on terms equivalent to those that prevail in arm’s length transactions. Outstanding balances at the year-end are unsecured and interest free excepts short term loan and settlement occurs in cash as per the terms of the agreement.

2. Loans in INR taken from the related party carries interest rate 10.80% to 10.85% (March 31, 2016 : 11.20% to 12.60% & April 1, 2015 : 12.60% - 12.75%)

3. The Company has not provided any commitment to the related party as at March 31, 2017 (March 31, 2016: INR Nil and April 1, 2015: INR Nil)



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

**34 Segment Reporting**

The operating segment of the company is identified to be "BOT", as the Chief Operating Decision Maker (CODM) reviews business performance at an overall company level as one segment and hence, does not have any additional disclosures to be made under Ind AS 108 Operating Segments. Further, the Company also primarily operates under one geographical segment namely India.

**35 Operating Lease:**

The Company has taken office space on operating lease basis. There are no sub-leases and the leases are cancellable in nature at any point of time by either of parties. There are no restrictions imposed under the lease arrangements. There are neither any contingent rent nor any escalation clause in the lease arrangements. During the year, the Company has incurred INR 0.90 million (March 31, 2016: INR 0.90 million) toward rent of office premises.

**36 Disclosure in respect of Construction Contracts**

Revenue from fixed price construction contracts is recognized on the percentage of completion method, measured by reference to the percentage of cost incurred up to the year end to estimated total cost for each contract.

|   | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) |
|---|------------------------------------|------------------------------------|
| I Contract revenue recognized as revenue in the year          | 825.27                             | 864.05                             |
| II For Contracts that are in progress:-                       |                                    |                                    |
| a. Contract costs incurred and recognized upto reporting date | (10,435.01)                        | (10,022.96)                        |
| b. Profits (less recognized losses) upto reporting            | -                                  | -                                  |
| c. Advances received  | -                                  | -                                  |
| d. Retention Money  | -                                  | -                                  |
| III Unbilled Revenue  | -                                  | -                                  |
| IV Unearned Revenue   | -                                  | -                                  |

Percentage completion method for income recognition on long term contracts involves technical estimates by engineers/technical officials, of percentage of completion and costs to completion of each project/contract on the basis of which profit/loss is allocated.

**37 Contingent liabilities and commitments:**

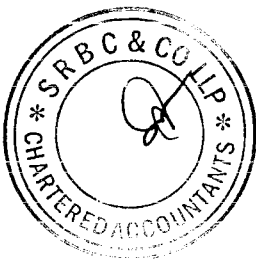
**Contingent liabilities:**

Based on information available with the company, there are no contingent liabilities as on March 31, 2017 (March 31, 2016: INR Nil)

**Commitments:**

The followings are the estimated amount of contractual commitments relating to the capital expenditure of the company:

|                         | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) |
|-------------------------|------------------------------------|------------------------------------|
| (i) Road work           | 737.79                             | 896.92                             |
| (ii) Building work      | 1389.54                            | 1,414.79                           |
| (iii) IT & Allied Works | 696.06                             | 782.21                             |
|                         | <b>2,823.39</b>                    | <b>3,093.92</b>                    |



**38 Financial instruments risk management objectives and policies**

The Company's principal financial liabilities comprise borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include other receivables and cash and bank balance that derive directly from its operations.

The Company's activities expose it to market risk, credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

**(a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, Investments, other receivables and trade and other payables.

Within the various methodologies to analyse and manage risk, Company has implemented a system based on "sensitivity analysis" on symmetric basis. This tool enables the risk managers to identify the risk position of the entities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a parallel shift of 25-basis points of the interest rate yield curves in all currencies

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of profit & loss may differ materially from these estimates due to actual developments in the global financial markets.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and provisions.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017, March 31, 2016 and April 1, 2015.

**Interest rate risk**

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

|                            | <u>Effect on loss before tax</u> |                       |
|----------------------------|----------------------------------|-----------------------|
|                            | <u>March 31, 2017</u>            | <u>March 31, 2016</u> |
|                            | (INR in Million)                 | (INR in Million)      |
| Increase in 25 basis point | 26.43                            | 25.97                 |
| Decrease in 25 basis point | (26.43)                          | (25.97)               |

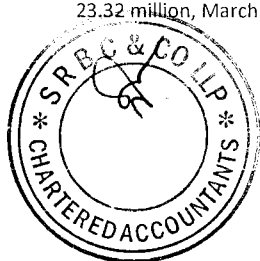
The effect of interest rate changes on future cash flows is excluded from this analysis.

**(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to credit risk from its operating activities as the company is collecting toll in cash and does not have outstanding any receivables. However, The Company is exposed to credit risk related to financing activities, including temporary Investment in mutual fund and other financial instruments.

**Financial instruments and Temporary Investment in Mutual Fund**

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only in accordance with company policy. The Company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance sheet as of March 31, 2017 is INR 23.32 million, March 31, 2016 is INR 186.28 million and April 1, 2015 is INR 130.54 million.





**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

**(c) Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys cash management system. It maintains adequate sources of financing including debt at an optimised cost.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

| Particulars                  | (INR In Million) |               |                 |               |                 |                 |
|------------------------------|------------------|---------------|-----------------|---------------|-----------------|-----------------|
|                              | Total Amount     | On Demand     | upto 1 year     | 1-2 years     | 2 - 5 years     | > 5 years       |
| <b>As at March 31, 2017</b>  |                  |               |                 |               |                 |                 |
| Non current borrowings#      | 10,714.14        | -             | 798.77          | 798.77        | 3,765.63        | 5,350.97        |
| Current borrowings           | 613.67           | 613.67        | -               | -             | -               | -               |
| Trade Payables               | 122.86           | -             | 122.86          | -             | -               | -               |
| Other Financial Liabilities# | 431.13           | -             | 431.13          | -             | -               | -               |
| <b>Total</b>                 | <b>11,881.79</b> | <b>613.67</b> | <b>1,352.76</b> | <b>798.77</b> | <b>3,765.63</b> | <b>5,350.97</b> |
| <b>As at March 31, 2016</b>  |                  |               |                 |               |                 |                 |
| Non current borrowings#      | 10,545.68        | -             | 314.94          | 798.77        | 2,966.86        | 6,465.11        |
| Current borrowings           | 124.80           | 124.80        | -               | -             | -               | -               |
| Trade Payables               | 73.87            | -             | 73.87           | -             | -               | -               |
| Other Financial Liabilities# | 726.15           | -             | 726.15          | -             | -               | -               |
| <b>Total</b>                 | <b>11,470.50</b> | <b>124.80</b> | <b>1,114.97</b> | <b>798.77</b> | <b>2,966.86</b> | <b>6,465.11</b> |
| <b>As at April 01, 2015</b>  |                  |               |                 |               |                 |                 |
| Non current borrowings#      | 9,690.85         | -             | 86.72           | 314.94        | 2,396.31        | 6,892.87        |
| Current borrowings           | 851.21           | 851.21        | -               | -             | -               | -               |
| Trade Payables               | 44.10            | -             | 44.10           | -             | -               | -               |
| Other Financial Liabilities# | 802.55           | -             | 802.55          | -             | -               | -               |
| <b>Total</b>                 | <b>11,388.71</b> | <b>851.21</b> | <b>933.37</b>   | <b>314.94</b> | <b>2,396.31</b> | <b>6,892.87</b> |

# Current maturity of Non-current borrowings is included and Unamortised Processing fees in Non-current borrowing part in above note from other financial liabilities.

**39 Capital Management**

For the purpose of the Company's capital management, Capital consist of share capital and Other equity in form of Subordinate Debt and all other reserves attributable to the equity holders of the Company.

The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or obtained additional sub-ordinate debts. The Company monitors capital using debit equity ratio which does not exceed 4.01:1, which is total Borrowings divided by total equity excluding balance of deficit in statement of profit & loss.

The key performance ratios as at 31 March are as follows

|  | March 31, 2017<br>(INR In Million) | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|--|------------------------------------|------------------------------------|-----------------------------------|
| Non Current Borrowings* (refer note 14)                      | 10,570.75                          | 10,386.36                          | 9,515.57                          |
| Current Borrowings (refer note 15)                           | 613.67                             | 124.80                             | 851.21                            |
| <b>Total Debts - A</b>                                       | <b>9,957.09</b>                    | <b>10,261.56</b>                   | <b>8,664.36</b>                   |
| Equity Share Capital (refer note 12)                         | 0.50                               | 0.50                               | 0.50                              |
| Other Equity (refer note 13)                                 | 2,699.75                           | 2,698.22                           | 2,631.24                          |
| Add: Deficit in statement of profit and loss (refer note 13) | 1,465.65                           | 1,337.20                           | 1,134.90                          |
| <b>Total Equity - B</b>                                      | <b>4,165.90</b>                    | <b>4,035.92</b>                    | <b>3,766.64</b>                   |
| <b>Debt equity ratio (A/B)</b>                               | <b>2.39</b>                        | <b>2.54</b>                        | <b>2.30</b>                       |

\* Non-current borrowings includes current maturities of non-current borrowings which has been classified under other current financial liabilities and the effect of transaction cost paid to lenders on upfront basis included in non-current borrowings.



**40 Disclosure pursuant to Appendix - A to Ind AS 11 - " Service Concession Arrangements"**

**A Description and classification of the arrangement**

The Company has entered into Concession Agreement ('CA') with Government of Maharashtra(GOM) dated March 30, 2009 to implement a project envisaging construction, operation and maintenance and handing over of Modernisation & Computerisation of Integrated Border Checkpost's at 22 locations with private sector participation on Build, Operate and Transfer (BOT) basis and has carried out feasibility study for the Project.

**B Significant Terms of the arrangements**

**i Revision of Fees:**

In the event of extension in Concession Period in accordance with provisions of this Agreement, the GOM shall issue revised Service fee Notification(s) taking into account increase in Service fee rates (as Specified in Schedule 'F' or as per contract data Volume -II)

**ii Modification of Concession Period:**

The Concession period shall be modified:

- a any reference to a statutory provision shall include such provision as is from time to time modified or re enacted or consolidated so far as such modification or re enactment or consolidation applies or is capable of applying to any transactions entered into hereunder;
- b The GOM shall whenever it desires provision of addition/deletion of works and services referred to in Article 13.1 above, issue to the Concessionaire a notice of Change of Scope (the "Change of Scope Notice") through the Engineer in charge.
- c If as a result of Change in Law, the Concessionaire suffers an increase in costs or reduction in net after tax return or other financial burden, the aggregate financial effect of which in any Accounting year, the Concessionaire may notify the same to the Engineer in charge and propose amendments to this Agreement so as to put the Concessionaire in the same financial position as it would have occupied had there been no such Change in Law resulting in such cost increase, reduction in return or other financial burden as aforesaid.
- d The Engineer in charge shall upon being notified by the Concessionaire of the Change in Law and the proposed amendments to this Agreement, assess the change in the financial position as a result of such Change of Law and determine the extension to the Concession Period so as to put the Concessionaire in the same financial position as it would have occupied had there been no such Change in Law and recommend the same to the GOM. The GOM shall, within 60 days of receipt of such recommendation, decide the extension to the concession period extend the Concession Period by such period.

e As used in this Agreement, a Force Majeure Event shall mean occurrence in Maharashtra of any or all of Non Political Event, Indirect Political Event and/or Political Event as defined in Article 15.2, 15.3 and 15.4 respectively which prevent the Party claiming Force Majeure (the "Affected Party") from performing its obligations under this Agreement and which act or event (i) is beyond the reasonable control and not arising out of the fault of the Affected Party, (ii) the Affected Party has been unable to overcome such act or event by the exercise of due diligence and reasonable efforts, skill and care, and (iii) has a Material Adverse Effect on the Project.

**iii Rights of the Company to use Project Highway**

the Concessionaire shall during Operations Period be entitled to levy, demand and collect Service fee in accordance with the Service fee Notification and to appropriate the same.(as per schedule F)

The Concessionaire shall have exclusive rights to the use of the Project Site in accordance with the provisions of this Agreement and for this purpose it may regulate the entry and use of the same by third parties

**iv Obligation of the Company**

The Concessionaire shall at its own cost and expense investigate,study,design,construct, operate and maintain the project assets, obtain all applicable permits, provide all assistance to the Engineer in charge and steering group, appoint, supervise, monitor and control the activities of contractor,xiii. be responsible for safety, soundness and durability of the Project Facility ,xiv. ensure that the Project Site remains free from all encroachments and take all steps necessary to remove encroachments, if any,xvi. operate and maintain the Project at all times during the Operations Period in conformity with this Agreement including but not limited to the Specifications and Standards, The Concessionaire shall comply with all rules and regulations, bye-laws and directions given from time to time by competent authority in connection with this work and shall pay all fees, which are leviable on him, procure and maintain in full force and effect, as necessary, appropriate, licenses, agreements and permissions, methods, processes and systems used in or incorporated into the Project; from the competent authority.

**v Details of any assets to be given or taken at the end of concession period**

Upon the expiry of the Concession by efflux of time and in the normal course, the Concessionaire shall at the end of the Concession Period, hand over the peaceful possession of the Project Assets including Project Site/Facility at no cost to the GOM.

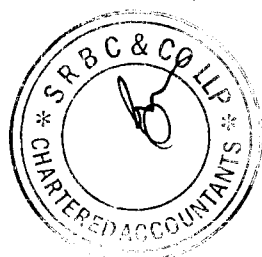
**vi Details of Termination**

Without prejudice to any other right or remedy which the GOM may have in respect thereof under this Agreement, upon the occurrence of a Concessionaire Event of Default, the GOM shall, subject to the provisions of the Substitution Agreement, be entitled to terminate this Agreement by issuing a Termination Notice to the Concessionaire, provided that before issuing the Termination Notice, the GOM shall by a notice in writing inform the Concessionaire of its intention to issue the Termination Notice.

C There has been no change in the concession arrangement during the year.

D Below is details of revenue and Loss recognised in the year March 31, 2017 and March 31, 2016 on exchange of construction services for intangible assets.

The Company has recognised revenue of INR 2,432.30 million (March 31, 2016: INR 2,432.62 million) consisting of INR 825.27 million (March 31, 2016: INR 864.05 million) on construction and INR 1,607.03 million (March 31, 2016: INR 1,568.57 million) on user fee collection. The Company has recognised loss of INR 126.18 million (March 31, 2016: INR 202.76 million) on operation of the check post and INR Nil (March 31, 2016: INR Nil) profit on construction activity.



**41 First time adoption of Ind AS**

These financial statements, for the year ended 31 March, 2017 are the first Ind AS financial statements, the company has prepared in accordance with Ind AS. For periods upto and including the year ended 31 March 2016, the company prepared its financial statements in accordance with accounting standards notified under section 133 of the companies Act, 2013 read with paragraph 7 of the companies (Account) Rules, 2014 (Previous GAAP).

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March, 2017 together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company 's opening balance sheet as prepared as at 1st April, 2015, the company's date of transition to Ind AS. This note explains the principle adjustments made by the company in restating its Previous GAAP financial statements including the balance sheet as at 1st April 2015 and the previously published Previous GAAP financial statements as at and for the year ended March 31, 2016.

**A Exemptions applied**

Ind AS 101 "First-time Adoption of Indian Accounting Standards" allows first-time adopter certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

**Ind AS optional exemptions**

**a. Deemed cost**

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its Property, Plant Equipments and Investment property as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its Property, Plant Equipments and Investment property, as recognised in its Previous GAAP financials, as deemed cost at the transition date.

**b. Revenue based amortization of Service Fee Collection Rights**

Ind AS 101 permits a first time adopter to continue policy adopted for amortization of Service Fee Collection Rights arising from service concession arrangements related to toll roads recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

Accordingly, the company has elected to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements, as per policy adopted by the company in the previous GAAP.

**Ind AS mandatory exceptions**

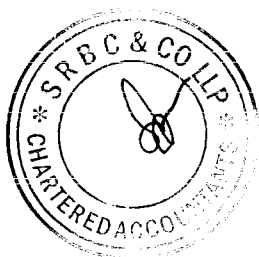
**a. Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP, unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in the conformity with previous GAAP . The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

**b. Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.



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**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

**B Reconciliation between Previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS:

**a. Reconciliation of equity as at March 31, 2016 & April 1, 2015**

| Particulars  | Note No.        | March 31, 2016<br>(INR In Million) | April 1, 2015<br>(INR In Million) |
|--|-----------------|------------------------------------|-----------------------------------|
| Equity under previous GAAP                                       | A               | (1,338.59)                         | (1,144.41)                        |
| Equity Component of Compounded Financial Instrument              | i               | 4,035.41                           | 3,766.13                          |
| Finance cost on account of amortised cost of financial liability | ii              | (4.67)                             | 6.43                              |
| Reversal of amortisation of Intangible asset                     | iii             | 6.57                               | 3.59                              |
| Total Ind AS Adjustments   | B               | 4,037.31                           | 3,776.15                          |
| <b>Total Equity as per Ind AS</b>                                | <b>(C= A+B)</b> | <b>2,698.72</b>                    | <b>2,631.74</b>                   |

**b. Reconciliation of Total Comprehensive Income for the year ended March 31, 2016**

| Particulars   | Note No. | March 31, 2016<br>(INR In Million) |
|---|----------|------------------------------------|
| Profit after tax as per Previous GAAP   |          | (194.17)                           |
| Adjustments as per Ind AS   |          |                                    |
| Recognition of Finance cost on account of amortised cost of financial liability | ii       | (11.10)                            |
| Reversal of amortisation intangible assets                                      | iii      | 2.98                               |
| Recognition of Construction Revenue   | iv       | 864.05                             |
| Recognition of Construction Expense   | iv       | (864.05)                           |
| Re-measurement gains / (losses) on defined benefit plans                        | v        | (0.46)                             |
| Profit after tax as per Ind AS  |          | (202.76)                           |
| Other Comprehensive income (net of tax)   | vi       |                                    |
| Re-measurement gains / (losses) on defined benefit plans                        | v        | 0.46                               |
| <b>Total Comprehensive Income as per Ind AS</b>                                 |          | <b>(202.30)</b>                    |

**Impact of Ind AS adoption on statement of cash flows for the year ended March 31, 2016**

| Particulars   | Previous GAAP | Adjustments | Ind AS        |
|---|---------------|-------------|---------------|
| Net Cash Flows from Operating Activities                        | 998.24        | 234.63      | 1,232.87      |
| Net Cash Flows from Investing Activities                        | (291.46)      | (4.84)      | (296.30)      |
| Net Cash Flows from Financing Activities                        | (651.04)      | (229.79)    | (880.83)      |
| <b>Net Increase / ( Decrease ) in cash and cash equivalents</b> | <b>55.74</b>  | <b>-</b>    | <b>55.74</b>  |
| Cash and cash equivalents as at April 01, 2015                  | 130.54        | -           | 130.54        |
| <b>Cash and cash equivalents as at March 31, 2016</b>           | <b>186.28</b> | <b>-</b>    | <b>186.28</b> |

**C Footnotes to the reconciliation of profit and loss for the year ended March 31, 2016 and equity as at April 01, 2015 and March 31, 2016 :**

**i. Equity Component of compounded Financial Instrument**

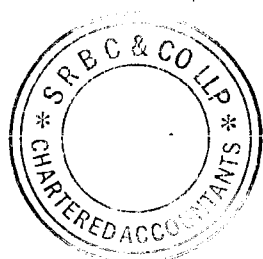
Under previous GAAP, Sub-debts loan received from promoters as promoter's contributions disclosed under long term borrowings. Under Ind AS, the Interest free sub-debts loan as promoter's contributions considered as equity component of compound financial instrument and classified as other equity based on terms of contract.

**ii. Finance cost recognition on account of amortised cost of financial liability:**

Under Previous GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss / capitalized in the Intangible assets. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

**iii. Reversal of amortisation of intangible assets:**

The transition impact of discounting of premium obligation and transaction cost of borrowing has results adjustment of intangible assets and reserve.



**iv. Recognition of Construction Revenue**

The construction revenue and related construction cost of assets developed under concession arrangements with government are recognised as income and expenditure and concession rights capitalised as intangible assets as per the Appendix A of Ind AS 11 'Service Concession Arrangement' on specific conditions being met in terms of accounting standard. Under Indian GAAP, construction costs are recognised as Intangible rights under concession arrangement.

**v. Re-measurement gain / loss on defined benefit plan**

Under Ind AS, re-measurement i.e. actuarial gain loss excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurement were forming part of the profit or loss for the year.

**vi. Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Item of income and expense that are not recognised in profit or loss but are shown in the Statement of profit and loss as "other comprehensive income" includes re-measurement of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

**42 Standards issued but not yet effective**

The standard issued, but not yet effective up to the date of issuance of the Company's financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.

**Amendment to Ind AS 7 'Statement of cash flows':**

The Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017 in March 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

This standard will come into force from accounting period commencing on or after 1 April 2017. The Company will adopt the new standard on the required effective date. The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

**43 Disclosure of Specified Bank Notes (SBNs):-**

During the year company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

| Particular                                   | Specified Bank Notes (SBNs)* | Other Denomination Notes & coins | Total         |
|--|------------------------------|----------------------------------|---------------|
| Closing Cash in hand as on November 8, 2016  | 4,492,749                    | 9,255,928                        | 13,748,677    |
| Add: Permitted Receipt                       | 11,290,251                   | 142,549,746                      | 153,839,997   |
| Less: Permitted Payments                     | -                            | (5,041,356)                      | (5,041,356)   |
| Less: Amount deposited in Banks              | (15,783,000)                 | (133,963,434)                    | (149,746,434) |
| Closing Cash in hand as on December 30, 2016 | -                            | 12,800,884                       | 12,800,884    |

(Amount in INR)

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.



**Maharashtra Border Check Post Network Limited**  
**Notes to Financial Statements for the year ended March 31, 2017**

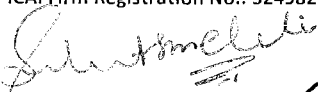
44 In terms of the Concession Agreement for setting up the project for Modernization and Computerisation of integrated Border Check Post ('Project') in the state of Maharashtra on Build, Operate and Transfer basis, the Company has been regularly representing in the Steering Committee of the project set up by Maharashtra State Road Development Corporation (MSRDC) under Concession agreement, about handover of the additional project BCP sites so as to meet Concessionaire obligations as regards implementation of project as per the Concession agreement. As at 31st March, 2017, the company has achieved provisional certificate of completion for 18 check posts out of total 22 check posts as per Concession agreement. The collection of service fees have been started in 16 BCP as per directive of MSRDC. Further, during the year, the company has received general resolution from government of Maharashtra for construction of additional 2 Check post on BOT basis.

As at 31st March, 2017, the project implementation is in progress and there are costs variance in development of each BCP site. The Company has been accounting cost variations, if any based on the approval of independent engineers appointed by MSRDC read with note 45 below. The company has been regularly representing to MSRDC for the time extension of completion of BCP construction in terms of Concession agreement. The Company is confident that necessary approvals relating to time extension for completion of BCP construction will be received and that no additional financial obligations is envisaged to be levied on the company under the terms of concession agreement.

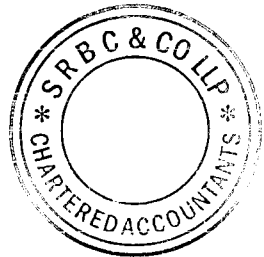
45 The Company has accepted and accounted project related cost compensation claim of INR 1,883.09 million towards increase in cost of construction due to delay in execution of the Modernisation and Computerisation of 23 Border Check Post Project ('BCP Project') on account various reasons not attributable to the Company upto March 31, 2017 (31 March 2016: INR 1,740.57 million and April 1, 2015: INR 1,637.44 million). The costs have been accounted as intangible assets / intangible assets under development. The amount accounted is subject to the approval of Government of Maharashtra (GoM) although the Independent Engineer of the Project, Technical Evaluation Committee duly appointed by project Steering Committee of Maharashtra State Road Development Corporation Limited ('the Project Authority') which is monitoring the project progress and the lender's independent engineer has in-principle accepted and recommended the Company's cost compensation claim. Based on the recommendations at the project steering committee, GoM will take appropriate decision in regard to cost escalation claim of the Company and it is confident that the additional costs accounted in the books will be fully accepted by the GoM.

As per our report of even date

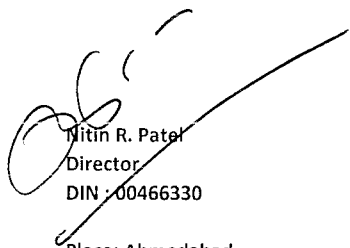
For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No.: 324982E/E300003

  
per Sukrut Mehta  
Partner  
Membership No. 101974


Place: Ahmedabad  
Date : May 16, 2017



For & on behalf of the Board of Directors of  
Maharashtra Border Check Post Network Limited

  
Mitin R. Patel  
Director  
DIN : 00466330

Place: Ahmedabad  
Date : May 16, 2017

  
Sashin V. Patel  
Director  
DIN : 00048328

